
MENTAL HEALTH

FINDING: Louisiana's public mental health service mix is out of balance with the nation. It has more hospital and less community-based care than the average state. Providing a more balanced mix of public mental health services – one that better meets consumer needs, incorporates a broader range of treatment types, and is more cost effective – will likely require innovative efforts to leverage additional non-state (federal, local government, or private sector) resources to enhance community-based care.

OPTION 1: Reduce the number of uninsured in the population served by the public mental health system by increasing efforts to enroll this population in the Medicaid Program.

Description and Background: Louisiana has the third highest proportion of its population without health insurance in the U.S. – 22.5% in 1999. In the population served by the public mental health system the proportion of uninsured is even greater. As in the general population, some uninsured may be eligible for Medicaid but not enrolled in the program.

Medicaid provides coverage to mentally ill children and elderly who meet the program's income and asset tests. Non-elderly adults who qualify for Social Security Insurance-Disability (SSI-D) are also Medicaid eligible. Non-elderly adults are the largest subpopulation served by the public mental health system. Some of these adults have Medicaid coverage by way of SSI-D, while others remain uninsured because they cannot complete the long and complex SSI-D qualification process.

Located in each of the LSU ("charity") hospitals is a Medicaid Assistance Program (MAP) unit that helps uninsured individuals with Medicaid eligibility determination and enrollment. The Office of Mental Health recently experimented with a pilot program to establish a MAP unit function specifically to meet the needs of the seriously mentally ill whose Medicaid enrollment process is complicated by the SSI-D requirement. Broader implementation of the mental health MAP could reduce the number of mentally ill people who lack health insurance coverage by increasing enrollment in the Medicaid program.

Estimated Fiscal Impact: The state pays for health care for the uninsured primarily in two ways. It pays hospitals for the uncompensated cost of care provided to the uninsured. These uncompensated care cost (UCC) payments are a mix of 70% federal and 30% state funds. UCC payments are only for hospital-based services; they may not pay for community-based clinic visits or maintenance medications that are critical to keeping those with chronic mental illness out of the hospital. The state pays for clinic visits, maintenance drugs and other community-based supports for the uninsured with 100% state funds and limited federal grants.

To the extent that Medicaid coverage can be increased within the public mental health system, clients may have improved access to community-based services, since Medicaid pays for both inpatient and outpatient mental health care services. The state may also

reduce its reliance on SGF for community-based services since federal funding pays for 70% of Medicaid costs.

Action Required To Implement: Minimal funding and positions for mental health MAPs would have to be appropriated by the Legislature.

OPTION 2: Explore the feasibility of making more community-based mental health services eligible for Medicaid reimbursement.

Description and Background: A wide range of mental health services may be covered by the Medicaid program at the state's option. For covered services, the state sets payment rates, provider rules and program spending caps. Louisiana currently opts not to cover some Medicaid mental health services and to provide others in a limited way. Some services that could be but are not covered by Medicaid are provided by the state nonetheless, but with SGF rather than Medicaid's mixture of state and federal funds.

To the extent that the state can broaden the limits of mental health services covered by Medicaid, it may be able to shift the cost of those services from SGF to the Medicaid program which is both state and federally funded. Among the Medicaid options that could be explored are rehabilitation, clinic services, residential treatment, local match certification, and Hospital Admission Review Program (HARP).

Estimated Fiscal Impact: Depends on which options are exercised and how.

Action Required to Implement: DHH can change state Medicaid rules by amending its state plan. Means of Financing changes would have to be made by the Legislature either during the appropriations process or by BA-7.

OPTION 3: Amend state law to produce more effective screening and treatment of the mentally ill individuals in the criminal justice system.

Description and Background: Each year a significant number of individuals entering Louisiana's criminal courts require psychiatric evaluation to determine whether they are mentally fit to stand trial. Others make it through the courts and are found Not Guilty by Reason of Insanity. In both cases, the state is mandated to provide mental health treatment, and these individuals become "forensic" clients of the public mental health system.

Over the past several years, the number of forensic clients in the system has grown considerably. And in recent years funding was added to DHH for forensic mental health care, specifically to address a federal court order to reduce the backlog of Orleans Parish inmates awaiting state treatment.

The monies (\$2 million SGF) added in FY 00-01 provided for jail-based competency restoration services and 20 new inpatient beds. Recent performance data show that the jail-based treatment was effective at diverting clients from inpatient treatment. But the

new inpatient beds, though able to provide relief to a small number of inmates who required more intensive treatment, did little to reduce the overall waiting list for services for jail inmates.

State laws governing forensic clients' exit from state mental health treatment partly explain the long lengths of stay and low discharge rates for this population. In a number of cases, forensic clients remain in inpatient treatment not because it is clinically necessary but because state law and court actions based on it prevent their step-down to less restrictive environments.

Funds provided for FY 00-01 (\$3.3 million SGF and \$4.7 million federal) provide for additional jail-based competency restoration services, a 50-bed forensic acute unit, and a 25-bed step-down group home. Like the jail-based services, the acute units are designed to avoid long-term hospitalizations by providing short-term treatment to restore competency to the client. The group home works on the back end to transition clients back to the community. Though data are not yet available on the outcomes of these enhancements, it is expected they will help reduce the backlog in parish jails. However, the overall effort will likely continue to be constrained by state laws on treatment of the mentally ill individuals involved in the criminal justice system.

The funding increases for forensic mental health care have not been commensurate with growth in forensic population, and have resulted in existing resources within the public mental health system being reallocated from civil clients (those not involved with the criminal courts) to forensics. In fact, the maximum-security facility designed for the most seriously mentally ill now represents only a fraction of the total public services for forensic clients. In one civil hospital (Eastern in Jackson, LA), the proportion of the total inpatient population that is forensic-involved tops 40%.

In the absence of changes in state law to reduce demand for forensic mental health services, additional funding may be needed to prevent further compromise in the states' ability to care for the mentally ill who are not involved in the criminal justice system.

Estimated Fiscal Impact: Will depend on specific statutory and programmatic changes recommended.

Action Required To Implement: DHH will recommend statutory changes in the regular session.

OPTION 4: Renegotiate LSU-OMH contracts on psychiatric acute unit operations to minimize the state funds required.

Description And Background: Acute psychiatric services are provided by the Office of Mental Health out of the LSU hospitals. Funding for the acute units is governed by contracts between LSU and OMH and by each agency's annual appropriation. The current contracts are based on outdated budget figures.

Since the contracts were first negotiated the service delivery system has changed. OMH now provides a number of crisis intervention services to divert clients from the acute units when possible. These services, including a 24-hour crisis hotline, clinic and emergency room-based screening and evaluation, are not included in the contracts, and have been paid for with 100% SGF to date.

To the extent that the services could be written into LSU-OMH contracts, which are funded primarily by hospital uncompensated care cost reimbursements, these SGF expenditures could be paid for by UCC payments which are a mix of state and federal funds.

Estimated Fiscal Impact: The current SGF cost of these services runs \$2 million to \$3 million. Any costs that could be paid for by UCC would cost just 30% SGF, rather than the current 100%. Further study is required to learn how much of the total cost would be eligible for DSH reimbursement if the contracts were renegotiated to include them.

Action Required To Implement: LSU and OMH would have to renegotiate the acute unit contracts based on current costs. The Legislature would have to amend the budgets of those agencies involved to reflect the financing changes.